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2011 Safe Drinking Water State Revolving Fund
Ownership and Water Rights
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Ownership and Water Rights issues have been a major source of delay or bypass in past funding cycles. In order to improve efficiency these issues are being addressed at the beginning of the application process.

After the universal pre-application has been submitted applicants are ranked and a project priority list (PPL) is developed. The Department of Public Health (CDPH) will send a statement of intent to fund your project if your project is ranked high enough on the PPL. You will respond to the SOI stating your intent to file a full application.

You must submit complete and current documentation of Ownership and Water Rights and the listed financial information with your full application for planning or construction funding. This documentation will be reviewed first and if not complete your application will not be processed until documentation is complete and your application may be bypassed. You will have approximately 15 months from the time you complete the universal pre-application to assemble and submit the required documentation. CDPH can provide help assembling the required documentation through CDPH's technical assistance providers. It is important to begin the documentation process early so you will be fully prepared at the application deadline.

Find the type of ownership from the following list that best describes your water system. Make sure that you can provide current and complete documentation required for that type of ownership. If you cannot, contact your district engineer or local primacy agency and request technical assistance.

The State cannot execute a funding agreement with a water system that has not demonstrated that it is a legal entity that owns or has long-termed agreements to the water, land and facilities that are essential to the reliable operation of the water system.

Type of system ownership:

Sole Proprietorship

1. a current domestic water supply permit
2. a Deed of Trust for the land and facilities that are essential to the reliable operation of the water system
3. If not legally owned provide an agreement for the long term use or lease of the land and facilities including storage tanks and conveyance lines?
4. a Fictitious Name Certificate (The name on the certificate must match the name on the domestic water supply permit)

5. Can you provide a Schedule "E" or "C" from federal tax returns?
6. If you are in an adjudicated water basin or rely on surface water provide a water rights agreement of sufficient capacity

Partnership

1. a current domestic water supply permit
2. provide a Deed of Trust for the land and facilities that are essential to the reliable operation of the water system
3. If not legally owned provide an agreement for the long term use or lease of the land and facilities including storage tanks and conveyance lines
4. provide a notarized Partnership Agreement
5. K-1 Documentation (if applicable).
6. Majority owner's last three years of personal tax
7. If you are in an adjudicated water basin or rely on surface water provide a water rights agreement of sufficient capacity

Corporation or LLC

1. a current domestic water supply permit
2. a Deed of Trust for the land and facilities that are essential to the reliable operation of the water system
3. If not legally owned provide an agreement for the long term use or lease of the land and facilities including storage tanks and conveyance lines
4. Corporation K-1 Documentation that has been filed with the Secretary of the State of California.
5. Majority Owners (20% of More) Last three years of personal tax returns.
6. Can you provide Incorporation Papers/Articles of Organizations Bylaws
7. Can you provide California Secretary of State Entity Number as well as your water system's filing status with the California Secretary of State
8. If you are in an adjudicated water basin or rely on surface water provide a water rights agreement of sufficient capacity

Incorporated Mutual

1. a current domestic water supply permit

2. a Deed of Trust for the land and facilities that are essential to the reliable operation of the water system
3. If not legally owned provide an agreement for the long term use or lease of the land and facilities including storage tanks and conveyance lines
4. Provide Incorporation Papers/Articles of Organizations Bylaws.
5. Provide California Secretary of State Entity Number as well as your water system's filing status with the California Secretary of State.
6. If you are in an adjudicated water basin or rely on surface water provide a water rights agreement of sufficient capacity

Non-Profit Corporations

1. a current domestic water supply permit
2. Provide a Deed of Trust for the land and facilities that are essential to the reliable operation of the water system
3. If not legally owned provide an agreement for the long term use or lease of the land and facilities including storage tanks and conveyance lines
4. provide Incorporation Papers/Articles of Organizations Bylaws
5. Provide California Secretary of State Entity Number as well as your water system's filing status with the California Secretary of State
6. provide Tax Exempt Status IRS 503 C
7. If you are in an adjudicated water basin or rely on surface water provide a water rights agreement of sufficient capacity

Financial Requirements and Documentation for all types of ownership

1. 5-years Revenue/Expenditure projection for the water system
2. 3 years audited financial statements or federal tax returns, and balance sheets
3. Current debt-to-equity ratio equal to or less than 1.0. The debt-to-equity ratio for any given year is computed by dividing the total liabilities by total equity.
4. The debt coverage ratio is equal to or greater than 1.2. Debt coverage ratio is computed by dividing cash available for debt service (net income with annual interest, depreciation, amortization, and other non-cash items added back) by debt service requirements for the year.

"Information relating to a Corporation's, Limited Liabilities, Limited Partnership's or Incorporated Mutual's filing with the Secretary of State can be found at the following website: <http://kepler.sos.ca.gov/>"